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MANY NEIGHBORHOODS—ONE AMERICA

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While race remains the great American obsession, very little notice is given to the debilitating everyday discrimination that is faced by so many. Most often it is endured in silence.

As Mr. Cuomo put it:
“Discrimination is not just an ugly stain from this nation’s past, it’s still the reality of the present.”

— Bob Herbert,
The New York Times,
 Jan. 15, 1998

1997 Highlights: Many Neighborhoods—One America

Best Practices Agreement: More than 100 lending institutions and banking organizations signed a Fair Lending Best Practices Agreement designed to increase homeownership opportunities for low-income and minority home buyers.

Record Lending Agreement: Approximately \$2.1 billion in mortgage credit will be available to low and moderate-income and minority buyers due to the largest conciliation agreement ever settled under the Fair Housing Act.

“You’re in the wrong neighborhood! If you buy that house, there will be trouble.”

“To know that you are hated, that you are unwelcome, because you have been born into this world and born black—that’s a painful feeling.”

“We never had a chance to enjoy being homeowners. We were always worrying about coming home to find all our windows broken, or being burned out at night.”

As part of a renewed drive to fulfill its mission and provide opportunity for all, HUD began strengthening its fair housing activities. Over the past 30 years, Americans have made great strides in opening housing markets. More than ever before, all citizens have an equal opportunity to live wherever they can afford. Yet the need to vigorously enforce fair housing laws remains as urgent today as ever. To meet the goal of achieving One America, President Clinton directed HUD in 1997 to double the number of enforcement actions it brings under the Fair Housing Act. In response, HUD Secretary Andrew Cuomo announced HUD’s renewed commitment to crack down on discrimination.

Exhibit 6-1

Many Neighborhoods—One America: Budget Summary Selected Programs (in millions of dollars)

Program	FY1996 (actual)	FY1997 (actual)	FY1998 (enacted)	FY1999 (enacted)
Fair Housing Initiatives Program	17	15	15	17
Fair Housing Assistance Program	15	15	15	23

These days, housing discrimination is more often subtle than overt; however, that does not make discrimination any less dangerous or illegal. Since 1968 HUD has assumed a leading role in administering the Fair Housing Act, prohibiting discrimination in housing-related transactions based on race, color, religion, sex, or national origin. The 1988 passage of the Fair Housing Amendments Act strengthened the national fair housing law, giving the Department additional tools and far-reaching enforcement powers to combat housing discrimination. In April 1998 the Nation celebrated the 30th anniversary of the Fair Housing Act. Although we are closer to attaining its goals than we were in 1968, prejudice and discrimination persist.

HUD supports and works closely with a nationwide network of public agencies and non-profit fair housing organizations to enforce the Fair Housing Act, and has entered into voluntary best practices agreements with more than 100 key home mortgage lenders nationwide and with major housing industry groups. HUD’s Fair Housing Assistance Program helps ensure that States and cities have the financial resources to process fair housing complaints. HUD’s Fair Housing Initiatives Program provides competitive grants to dozens of local, regional, and national non-profit fair housing groups and helps fund their testing and enforcement, as well as education and outreach activities to fight housing discrimination.

FAIR HOUSING INITIATIVES PROGRAM (FHIP)

In 1997 HUD provided approximately \$15 million for the Fair Housing Initiatives Program. This program empowers communities and community-based organizations to identify and fight housing discrimination through a powerful partnership with the Federal Government. HUD supplies funding and other support to state and local government agencies, private groups, and non-profit organizations to stop housing discrimination. Applicants may apply for HUD funding under any of the four core areas.

Education and Outreach Initiative provides grants to develop materials that explain to the public and to the housing industry what the Equal Opportunity Act means to the sale, rental, and financing of homes and apartments. Many activities are eligible for such grants, ranging from educational materials and fair housing counseling to technical assistance and public service announcements.

Fair Housing Organizations Initiative funds non-profit organizations to enhance their capacity to enforce The Fair Housing Act. In 1997, \$2.7 million was set aside for groups addressing housing discrimination among people with disabilities.

Private Enforcement Initiative funds nonprofit organizations to carry out testing and other investigations of housing discrimination. The funds are also used to link fair housing organizations to regional enforcement activities and establish means of meeting legal expenses in support of fair housing litigation. In 1997, \$10.5 million was awarded for private enforcement activity.

Administrative Enforcement Initiative funds agencies that administer Fair Housing, which are "substantially equivalent" to the Federal Fair Housing Act.

Exhibit 6-2

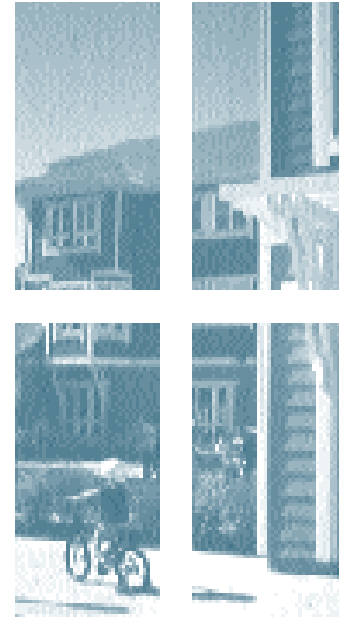
FY1997 Fair Housing Initiatives Program: Funding by Category

Category	Number of Grants	Allocation
Education and Outreach Initiative		
National program component	3	\$ 299,949
Regional/local/community-based component	11	1,000,000
Community tensions component	5	478,407
Private Enforcement Initiative	33	10,485,968
Fair Housing Organizations Initiatives		
Continued development component	8	1,350,000
Continued development (disability set-aside)	7	1,350,000
Total	67	\$14,964,324

FAIR HOUSING ASSISTANCE PROGRAM (FHAP)

HUD works with a large network of partners, which include State and local governments across the United States whose laws also protect the fair housing choices of their citizens. HUD supports the work of this partnership and encourages State and local agencies to assume a greater share of the responsibility for administering fair housing laws and ordinances through FHAP. The Department awards programs on a noncompetitive basis for capacity building, complaint processing, and special enforcement efforts and projects. In addition to financial support, eligible agencies also receive guidance, technical assistance, and training from HUD.

When local or State laws provide protection and remedies equal to those provided by Federal fair housing laws, and the current practices and past performance of an agency in that jurisdiction demonstrate that the law is being enforced, the agency is deemed to be "substantially equivalent" and eligible for FHAP funds.



DID YOU KNOW?

In October 1997, HUD Secretary Andrew Cuomo awarded \$11.5 million to State and local government agencies in 32 States as part of a continuing crackdown on housing discrimination. The agencies work in partnership with HUD to investigate discrimination complaints.



A As President Clinton convened a conference on hate crimes, the Smiths were included in a news conference at the Department of Housing and Urban Development, where Housing Secretary Andrew M. Cuomo announced that the Administration would increase civil penalties for hate crimes committed in any neighborhood.

— *The New York Times*,
Nov. 11, 1998

In the wake of the Fair Housing Amendments Act of 1988, which strengthened the Fair Housing Act, many State and local jurisdictions found that their laws no longer provided the same protections as the Federal fair housing laws. In 1992 more than 100 agencies lost their ability to process cases on HUD's behalf. Since then, HUD has worked closely with State and local governments to encourage the adoption of legislation that would allow agencies to become certified as substantially equivalent and, thereby, eligible for FHAP funds. By the end of FY1997, HUD had made significant progress in expanding its network of substantially equivalent agencies.

MOVING TO OPPORTUNITY

This 10-year demonstration program combines Section 8 tenant-based rental assistance with housing counseling to help very low-income families move from poverty-stricken urban areas to low-poverty neighborhoods. The initiative tests the impact of housing counseling and other assistance on the housing choices of Section 8 households, as well as the long-term effects of moving to better neighborhoods. The goal is to develop more effective mobility strategies for recipients of HUD housing assistance in metropolitan areas. Five public housing authorities—Baltimore, Boston, Chicago, Los Angeles, and New York City—are administering HUD contracts under this 10-year demonstration.

VOLUNTARY FAIR HOUSING PROGRAMS

As part of its efforts to strengthen fair housing enforcement, HUD has adopted an approach based on partnership and cooperation with the housing industry and other interested parties. HUD's Office of Fair Housing and Equal Opportunity has signed Voluntary Fair Housing agreements with a range of housing industry organizations, including the National Association of Realtors®, the National Association of Real Estate Brokers, the National Association of Home Builders, the Association of Real Estate License Law Officials, the National Apartment Association, and the Mortgage Bankers Association of America (MBA).

As part of HUD's Voluntary Fair Housing Programs, housing and lending industries affirm their commitment to fair housing. These voluntary actions affect both the business of the industry and the internal operations of the individual member companies or organizations. In December 1996 the National Association of Realtors®, the first organization to enter into a voluntary fair housing agreement with HUD, renewed its commitment to fair housing by adopting a new National Fair Housing Partnership Resolution with the Department. The new Partnership Resolution replaced the Voluntary Affirmative Marketing Agreement, which had existed for 20 years, and focuses on the identification and eradication of housing discrimination in our communities. The partnership recognizes that fair housing is a collaborative endeavor requiring shared involvement by partners in activities such as training, self-testing, public education, affirmative marketing, and the promotion of housing choice and opportunities across racial and ethnic lines.

FAIR LENDING “BEST PRACTICES” AGREEMENTS

In December 1994, MBA took a leadership position within the lending community in response to HUD's call to address a need that minority and low-income borrowers did not have equal access to purchase money mortgage credit. HUD and MBA executed a

LOOKING AHEAD:

The additional funds requested in the FY1999 budget to fight housing discrimination will enable HUD to intensify its crackdown and help local nonprofit groups and local enforcement agencies reduce housing discrimination. The FY1999 budget provides \$10 million for counseling low-income families to help them find homes outside of low-income neighborhoods through the Regional Opportunity Counseling Program.

voluntary Fair Lending Best Practices Master Agreement, the first of its kind between a Federal agency and a national lending trade association. The new agreement called on MBA to urge individual lending institutions, State and local MBAs, and other organizations engaged in mortgage lending to negotiate separate agreements with HUD, modeled on the national agreement. Signatories commit to a set of best practices designed to create an environment that increases homeownership opportunities for low-income and minority homebuyers. The initiative to recruit signatories to the Fair Lending Best Practices Agreement has been a key component of HUD's National Homeownership Strategy, and by 1997 more than 100 lending institutions and banking organizations had signed the agreement.

An early assessment of the HUD/MBA national agreement indicates that the signatories, particularly lay institutions, are making progress in their efforts to combat inequity in the processing of loan applications. As successful as the HUD/MBA initiative has been, recent analysis of 1996 mortgage data by the Federal financial regulators reveals that much more remains to be done. Accordingly, to underscore the longstanding and continued commitment of MBA and the mortgage lending industry to fair and equal homeownership opportunities for all and to build on the success achieved thus far, MBA voluntarily agreed in December 1997 to enter into a second Master Agreement with HUD.

Record Lending Agreement In Texas Another Step Toward "One America"

Vigorous enforcement of the Fair Housing Act by HUD and local fair housing agencies in Dallas and Fort Worth will create homeownership opportunities for more than 15,000 families over the next 3 years. In settling two mortgage lending discrimination complaints, AccuBanc Mortgage Corporation agreed to target approximately \$2.1 billion in increased

mortgage credit to minorities and low- and moderate-income borrowers. HUD Secretary Cuomo called the settlement—the largest conciliation agreement ever negotiated under the Fair Housing Act—"a victory for everyone involved. More minority families will get the opportunity to become homeowners, and AccuBanc will do increased business." Even before the AccuBanc agreement, HUD's stepped-up fair housing enforcement activity, undertaken at President Clinton's direction as part of the One America initiative, had more than doubled the monetary relief obtained for victims of alleged housing discrimination.

